

Central Intelligence Agency



Washington, D. C. 20505

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DIRECTORATE OF INTELLIGENCE

10 June 1984

Sri Lanka: Jayewardene's State Visit to the United States

Summary

Sri Lanka's President Junius Richard Jayewardene comes to Washington seeking US support for his administration. Jayewardene wants to advertise his close ties with the United States to his constituents at home as well as to New Delhi which is carefully watching his attempts to resolve the communal problems that continue to plague Sri Lanka. [redacted]

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The ethnic riots that shook the island during last summer have further polarized the country's Sinhalese majority and Tamil minority and Jayewardene's failure to resolve the problems underlying the violence have heightened fears of intervention by New Delhi. New repressive antiterrorism measures against the Tamils have only antagonized the separatists, although Jayewardene will argue the need for harsh tactics in dealing with insurgents in his talks in Washington. [redacted]

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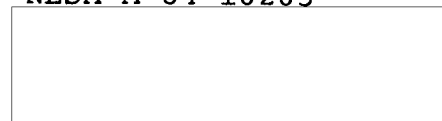
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This memorandum was prepared by [redacted] the Subcontinent Branch, South Asian Division, Office of Near Eastern and South Asian Analysis. It was coordinated with the Office of Global Issues and the Directorate of Operations. Information as of 6 June 1984 was used in its preparation. Questions and comments should be directed to Chief, South Asian Division, [redacted]

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We do not believe Jayewardene is planning any significant initiatives during his visit. In our view, he will try to:

- maintain current bilateral aid levels;
- allay US investor fears about political stability;
- lay the groundwork for requests for equipment for internal security;
- increase the current modest military training program.

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The Domestic Situation

Jayewardene has made no real progress in lessening tensions since the widespread ethnic violence last summer in which more than 400 Tamils died. His failure to deal with the demands of the Tamils--20 percent of the population--has brought them to the brink of open insurrection and has fostered the growth of terrorism and violence, particularly among the unemployed urban Tamil youth. Unable to come up with a political solution, Jayewardene has implemented increasingly repressive antiterrorism measures in the Tamil-dominated north. [REDACTED]

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Sri Lanka's ethnic problems have deep historical roots. The Sinhalese and Tamils have vied for dominance of the island for more than a millenium. Since independence in 1948 the Sinhalese majority have used Parliament to capitalize on their numerical advantage. Tamils can now point to numerous examples of governmental discrimination against their community in providing opportunities for jobs, education, and government development programs. [REDACTED]

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Jayewardene portrays himself as a communal moderate, but in his long political career he has played both sides of the ethnic fence. When his United National Party was in the opposition, it capitalized on the Sinhalese cultural paranoia of losing ground to the the Tamils to unify support. In his 1977 campaign, however, Jayewardene obtained the backing of most Tamils by promising limited autonomy in Tamil majority areas. US Embassy reports suggest that the failure of the Jayewardene government to deliver on these electoral promises led to the frustration of Tamils and the violence that shook the island for a week during the summer of 1983. [REDACTED]

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In our view, Jayewardene will not be aggressive in taking political measures to resolve the country's communal problems. He has confirmed several times that he supports the moderate Tamil demand for limited self-rule in the north and east, but so far has not wanted to go against his chauvinistic Sinhalese Buddhist supporters. We believe the President will eventually have to force the conservatives in his own community and government to accept a state/federal relationship between Colombo and the Tamil areas of the country. We believe much of Jayewardene's apparent footdragging over the last nine months has been a program of laying groundwork for selling this unpalatable solution to the Sinhalese majority while losing the smallest possible support for his administration. [REDACTED]

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The increasing level of terrorism has become the major challenge facing the Jayewardene government. Colombo has been forced to take harsh antiterrorism measures to maintain security in the Tamil-dominated areas of the island. Terrorists have begun to widen their range of targets--nearly

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every week one or more Tamil security forces are killed as collaborators and terrorists have begun to purge their own ranks of suspected informants. In May two US AID workers became the first American citizens to be involved in Sri Lanka's ethnic politics when they were kidnaped by leftist elements of a militant Tamil Tiger faction and held for ransom for nearly one week before being released unharmed. [REDACTED]

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Economic Fallout

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Ethnic strife has been costly to the economy and threatens to set back the growth and development gains made since Jayewardene began his economic liberalization program in 1977. The riots last July put some 50,000 people out of work, reduced tourism by nearly 20 percent, and reduced overall economic growth from an estimated 4.8 percent to 4.2 percent. [REDACTED]

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The key impact has been a clear erosion of investor confidence. Local Tamil businessmen, who were major targets during the violence, have been reluctant to rebuild and many are looking to take their capital and skills elsewhere. Foreign investors as well are wary about further disruption and have not responded to Jayewardene's initiatives to encourage investment for export development. [REDACTED]

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Trade, budget, and debt problems are testing the political will of the President to continue the free market path to economic development that he embarked on after nearly two decades of socialist experimentation under earlier governments. Since 1981 a lackluster international trade environment, drought, and IMF- mandated austerity measures have slowed the economy down from the 6.5 percent average growth during 1977-1981. Although a resurgence in world tea prices has enabled Colombo to weather current balance of payments difficulties, Jayewardene must face politically unpopular belt-tightening of the government budget and the prospect of slower economic growth arising from the unsettled communal problems. [REDACTED]

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Jayewardene's Washington Visit

During his Washington trip, in our view, Jayewardene will emphasize the positive results of his economic program and refrain from discussions of details of US aid to Sri Lanka. He will probably lobby for maintaining current United States bilateral commitments rather than make a direct plea for more aid. He will also seek assurances of US support for the continuing development of the massive public sector programs connected with the Mahaweli irrigation and power project. We expect Jayewardene to lay the groundwork for the upcoming visit to Washington of Finance Minister Ronnie de Mel who will speak both with representatives of the IMF and the United States about specific economic and development needs. [REDACTED]

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President Jayewardene, according to Embassy reports, sees his state visit to Washington as an integral part in his general policy of rehabilitating Sri Lanka's tarnished international image. The island's largely government-directed press has already begun to describe the Washington trip as an "honor" to the government and people of Sri Lanka, marking it a "turn around in the slide of our reputation as a country." [REDACTED]

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We believe Jayewardene will put the US visit in the same propaganda light as his stopover in Beijing last month--as a potent warning to New Delhi that Colombo has powerful friends outside the region committed to its support. Sri Lanka resents what it sees as Indian meddling in its affairs and in the recent past has even gone as far as to apply to ASEAN in the hope of securing strong friends outside the region to offset Indian pretensions in South Asia. Jayewardene's public statements to the Chinese last month left no doubt that he was currying Beijing's favor expressly as a counterbalance to New Delhi-- and that the overture was welcomed by the PRC. [REDACTED]

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Jayewardene may raise the possibility of future US sales of security materiel and training opportunities for Sri Lankan internal security forces even though he believes that the US does not want to expand its current modest military training and support agreements (FY84 military aid to Sri Lanka is \$350,000.) The President probably will use the opportunity to emphasize the difficulty of suppressing terrorism with the meager resources available to his government. According to US diplomatic sources in Colombo, Jayewardene will likely ask--as he did in Beijing in May--about purchasing coastal and river craft appropriate for internal security use. [REDACTED]

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Based on US Embassy assessments, Jayewardene believes that relations between Colombo and Washington are quite good. To emphasize the warmth of the current relations, we believe the President is likely to mention several examples of positive program initiatives in his talks with US offi-

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ciaals. Jayewardene likes to point to the successful reintroduction of the US Peace Corps program into Sri Lanka in 1983 and his government's support for our efforts to enlarge the Voice of America facility in the country.

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Jayewardene will raise several issues that cloud relations with the United States, we believe, including Colombo's contention that scheduled Congressional hearings into Sri Lanka's human rights situation will worsen ethnic tensions on the island. Jayewardene will argue that the hearings will signal the Tamil insurgents that they have powerful friends abroad, thereby reinforcing their commitment to separatism.

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Outlook

Jayewardene is firmly in control of his government and we believe--barring ill- health--he will continue in office for the remainder of his current term, which ends in 1988. We believe Jayewardene will remain a figure who can call on impressive support from the majority Sinhalese Buddhist community and that he is beginning to feel more confident of his ability to direct political developments in Sri Lanka.

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Tamil terrorists may use the President's trip as an opportunity to stage terrorist incidents to embarrass the government and to cause a Sinhalese backlash against Tamils in the south large enough to force Indian intervention. Although two American citizens were kidnaped by the Tamil insurgents in May, we do not believe American citizens or interests in Sri Lanka are likely to become major targets for future terrorist attacks. The splinter group that claimed responsibility for the kidnaping has been roundly condemned by representatives of the more mainstream Tamil insurgent groups, who continue to call for US support in their effort to achieve autonomy.

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Bolstered by the positive press generated by his visits to Beijing and now Washington, we judge that Jayewardene may return to Colombo feeling strong enough to make the hard choices necessary to respond to the moderate demands for limited autonomy made by Tamil leaders. Pressures are mounting

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for the President to come up with a formula acceptable to the Tamil minority, as well as one he can sell to his own conservative constituency. Jayewardene is also aware that future aid and economic growth prospects may depend on guarantees of a secure investment environment and dependable work force.

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to the United States

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